

Eurex Clearing AG
ECAG Rule Certification 120/17
November 29, 2017

1. The text of the proposed amendments to the Clearing Conditions of Eurex Clearing AG (“Clearing Conditions”) is appended as Attachment A. Any additions are underlined and any deletions are struck through.
2. The date of intended implementation is December 18, 2017.
3. Attached please find a certification that: (1) these amendments comply with the Commodity Exchange Act (the “Act”), and the Commission’s regulations thereunder; and (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.
4. A concise explanation and analysis of the operation, purpose, and effect of the amended rule appears below.
5. There were no opposing views expressed regarding these amended rules.
6. Confidential treatment is not requested.

CONCISE EXPLANATION AND ANALYSIS OF THE OPERATION, PURPOSE, AND EFFECT OF THE PROPOSED RULE AND ITS COMPLIANCE WITH APPLICABLE PROVISIONS OF THE ACT, INCLUDING CORE PRINCIPLES AND THE COMMISSION’S REGULATIONS THEREUNDER

Eurex Clearing is proposing amendments to the Clearing Conditions to account for the introduction of the Settled-to-Market (“STM”) model for OTC IRS transactions. Currently, Eurex Clearing allows OTC IRS Clearing Members to use a Collateralised-to-Market contract model, which legally treats variation margin payments as collateral. The proposed amendments will allow OTC IRS Clearing Members to change to the STM model for OTC IRS transactions, which legally treats variation margin payments as settlement payments.

Eurex Clearing is mindful of the CFTC Division of Clearing and Risk’s (“DCR”) Interpretive Letter No. 17-51 published on October 12, 2017, which provides DCR’s statement that variation margin payments constitute settlement of the outstanding exposure and not collateral against it. Eurex Clearing currently has no U.S. Clearing Members and will file a rule amendment to require any U.S. Clearing Member to use the STM model prior to admitting any U.S. Clearing Member.

Further information regarding the operation, purpose, and effect of the proposed amendments is discussed in the attached Eurex Clearing Circular 120/17, which is appended as Attachment A.

Eurex Clearing has identified the following derivatives clearing organization (“DCO”) Core Principle as potentially being relevant to the above amendments:

1. DCO Core Principle E (Settlement Procedures): The amendments will comply with DCO Core Principle E because the amendments introduce a new model that treats variation margin payments as settlement payments, and Eurex Clearing will continue to comply with this Core Principle.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7a-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.6, 17 C.F.R. §40.6

I hereby certify that:

- (1) the amendments comply with the Commodity Exchange Act, and the Commission's regulations thereunder; and
- (2) concurrent with the filing of this submission, Eurex Clearing is posting a copy of this filing to its website at: <http://www.eurexclearing.com/clearing-en/resources/cftc-dco-filing>.



By: Eric Seinsheimer

Title: US Compliance Officer, Eurex Clearing AG

Dated: November 29, 2017